



Asset Rich, Cash Poor

Whitepaper on the Dutch market for
equity release mortgages

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1. Introduction

Rising house prices and a growing focus on mortgage repayment have led to an enormous amount of wealth becoming locked up in owner-occupied homes across the Netherlands. Although these homeowners are wealthy on paper, accessing that capital in practice remains a significant challenge. Asset rich, yet cash poor.

In countries such as the United Kingdom and the United States, specialised financial products exist to address this issue, including mortgages where repayment is deferred until the property is sold and interest is rolled up over the term, commonly referred to as equity release or lifetime mortgages. There are also variants involving partial or full sale of the property, sometimes combined with a leaseback arrangement. In this whitepaper, we use the term equity release products to refer to all solutions that enable homeowners to unlock housing equity.

The target audience consists primarily of retired homeowners. In the Netherlands, various product variants have entered the market in recent years, yet significant growth has not materialised: many initiatives have proved too complex or too costly. More recently, market conditions have shifted considerably: under pressure from regulators, banks are restricting the maximum permissible interest-only component of mortgages, placing the most common route for accessing housing equity under strain.

The AFM (Netherlands Authority for the Financial Markets) had already warned in 2020 that product development for equity release products needs greater care, particularly to protect vulnerable homeowners. Together, these developments create opportunities for non-bank providers to develop suitable solutions.

This whitepaper takes a closer look at the Dutch equity release market, the available solutions, and the ways in which consumer and investor interests can be safeguarded. As the largest non-bank provider of Dutch residential mortgages for institutional investors, we

monitor these market developments closely. Our aim is to contribute to a better understanding of the equity release market, for consumers, advisers, and institutional investors considering entry into this segment.

2. The potential market for equity release mortgages

Precisely mapping the size of the Dutch equity release market is difficult. What is known is that homeowners aged 67 and above collectively hold more than €450 billion in housing equity (CBS, 2024). Approximately 60% of households in the 67+ age group are entirely mortgage-free. This provides an indication of the maximum market potential, but says little about actual demand.

2.1. A look abroad

In the United Kingdom, £6.2 billion in Equity Release Mortgages was originated in 2022, representing approximately 2% of the regular mortgage market (UK Equity Release Council, 2023). Extrapolated to the Netherlands, this would imply an indicative market of approximately €2 billion per year.

In markets where equity release products have reached maturity, a recognisable development path is generally visible: first, a lightly regulated market with a diverse range of providers and complex terms; then a period of rapid growth and correction; and finally, stabilisation driven by stricter regulation and quality standards. In the UK, the Equity Release Council plays a central role in this professionalisation process.

There are several reasons why the Dutch market is smaller than the British one:

- Dutch consumers are generally more reluctant to take on debt;
- The Netherlands has a universal state pension (AOW), and the vast majority of older Dutch residents also have an occupational pension scheme; and
- Until recently, older homeowners in the Netherlands could relatively easily obtain an interest-only mortgage for consumption purposes, a route that is now coming under pressure.

2.2. The interest-only alternative: long the standard solution

The ability to take out an interest-only mortgage for consumption purposes has for many years meant that a large portion of the potential demand for equity release products could be met through a standard and relatively affordable mortgage. Retirees could obtain a regular interest-only mortgage of up to 50% of the property value, regardless of age, provided the mortgage was affordable under standard assessment criteria.

Such an interest-only mortgage offered an attractive solution: a relatively low interest rate fixed for an extended period, a 30-year term with limited refinancing risk, and the flexibility to make partial repayments or draw down additional funds. As a result, the target audience for dedicated equity release products was in practice limited to consumers whose income was insufficient to qualify for a regular mortgage. This situation is now changing fundamentally.

2.3. The interest-only alternative under pressure

Since the beginning of 2026, a fundamental shift has been taking shape in the availability of interest-only mortgages at Dutch banks. The European Central Bank (ECB) and De Nederlandsche Bank (DNB) regard the Dutch situation, with approximately 45% of total mortgage debt in interest-only form, as an exceptional position relative to other European countries. Both supervisors are actively steering towards a reduction of this share.

This pressure is now translating into concrete measures by the major banks. Rabobank and Obvion are reducing the maximum interest-only component from 50% to 30% of market value as of May 2026, with an absolute cap of €150,000. ABN AMRO will follow with comparable restrictions in June 2026. ASN Bank is also reducing its limit to a maximum of 30% as of May 2026. Other banks are expected to follow in due course.

In addition to product restrictions, banks are also exerting pricing pressure: the interest rate

surcharge for interest-only mortgages at the major banks has risen from approximately 0.2% in early 2024 to approximately 0.4% in early 2026.

For the equity release market, this has two important implications:

First, the target audience broadens. Not only consumers with insufficient income, but also retirees who wish to finance more than 30% of their property value on an interest-only basis will no longer qualify at most banks. By way of illustration: a retired couple with a mortgage-free home worth €500,000 who wish to draw down €200,000 (40% LTV) will be declined by most banks from mid-2026 onwards, whereas the same loan was previously straightforward to obtain via a regular interest-only mortgage.

Second, a "double squeeze" emerges: the mandatory annuity repayment requirement introduced in 2013 means that an increasing number of households reach later life with a large proportion of their wealth locked in their home, while the options for accessing that wealth through regular mortgages are simultaneously being curtailed.

It is important to note that the restrictions on interest-only lending apply primarily to banks, which fall under ECB/DNB banking supervision. Non-bank lenders such as asset managers, pension funds, and insurers are not subject to the same portfolio restrictions and can continue to offer interest-only mortgages within the standard lending framework. This distinction creates space for alternative providers to continue serving this client segment.

2.4. Underlying customer demand for equity release products

Multiple sources indicate that the capital unlocked through equity release is used primarily for three purposes: a major personal expenditure (travel, motorhome, boat); a gift or loan to children, often in connection with the purchase of a first home; and building up savings or supplementing current income.

These findings are corroborated by several market analyses, including Van Bruggen

Adviesgroep (2024). The AFM Consumer Survey (2024) shows that three in ten mortgage holders with housing equity find the prospect of accessing it interesting. The most commonly cited uses are home improvement and sustainability upgrades, followed by financial support for children and supplementing retirement income.

If these are indeed the primary motivations, it suggests that the level of state and occupational pension income is only a limited constraining factor for market demand.

2.5. Impact of the recent rise in interest rates

The rise in mortgage rates has reduced the attractiveness of certain equity release products. For products where interest is rolled up into the outstanding balance, the compound interest effect limits maximum borrowing capacity. This is particularly relevant for relatively younger borrowers, for whom the available drawdown may become insufficient.

For products with monthly repayments, required investor returns have increased, raising costs for consumers. For borrowers with an existing low-rate mortgage, switching to a new product has also become less attractive.

2.6. Expected growth in the years ahead

Despite the currently limited market size, several structural trends simultaneously point to potential growth:

i. Ageing population

Statistics Netherlands (CBS) expects the number of retired individuals in the Netherlands to increase by 50% over the next twenty years. By 2030, it is projected that one in four households will have a primary resident aged 70 or older.

ii. Continued growth in home equity

The combination of further expected house price increases and a continued focus on mortgage amortisation will continue to drive growth in home equity.

iii. Uncertainty due to the new pension system

Approximately one-third of retirees already report difficulty making ends meet (CBS, 2024).

The Future of Pensions Act (Wet toekomst pensioenen, Wtp) makes pension income more dynamic, allowing it to increase or decrease annually depending on investment performance. While pension funds maintain buffers, this added uncertainty increases the need for financial security. For income-tested products, fluctuating pension income may also affect borrowing capacity.

iv. Increasing individual responsibility for healthcare costs

The government expects individual healthcare expenses to rise by 2.8% per year until 2060 (Ministry of Health, Welfare and Sport, 2023).

v. Preference for ageing in place

Nearly 75% of individuals aged 75 and over prefer to remain in their current home rather than move (CBS, 2023). Home adaptations require financing that cannot always be covered from current income.

vi. Tightening of the interest-only alternative and policy initiatives

As described in Section 2.3, the availability of interest-only mortgages is being increasingly restricted by banks. At the same time, the Dutch government has acknowledged the issue of limited housing mobility among older homeowners in the 2026 coalition agreement and has announced plans for a so-called “mobility mortgage”. While the exact design remains unclear, the government recognises the need to provide older homeowners with greater financial flexibility.

The combination of increasing demand and a declining supply of the most accessible alternative creates the conditions for structural growth in the equity release market.

3. Key considerations for equity release products

Equity release products involve a number of specific considerations that play a limited or no role in standard mortgages. These create challenges in designing an appropriate product.

i. Vulnerability of the target group

The target group consists largely of older individuals with limited financial flexibility and little or no ability to build up reserves. Providers must ensure that appropriate advice is given, so that consumers do not enter into arrangements whose implications they do not fully understand. As cognitive capacity and personal circumstances may change over time, regular review discussions are essential.

ii. Longevity risk

Some products require an assessment of how long interest can continue to be rolled up before the outstanding balance exceeds the property value. As forced sale or eviction is socially unacceptable, this risk must be borne by the provider.

iii. Impact on inheritance

Equity release products reduce the estate passed on to heirs. This may lead to complex family dynamics, particularly if the arrangement is not known to beneficiaries or if the proceeds have been allocated unevenly.

iv. Flexibility

The life circumstances of older homeowners may change, for example due to the death of a partner, a new relationship, relocation to a care facility, or the need for maintenance or energy efficiency improvements. As many equity release products are structured as one-off arrangements, they may lack the flexibility to adapt to changing needs.

v. Complexity and costs

The complexity and embedded optionality of these products introduce risks for investors, requiring higher returns. These returns are directly reflected in the cost to the consumer. In addition, complexity and limited scale can result in relatively high operational costs, including the risk of hidden charges.

vi. Comprehensibility

Equity release products often include conditions that only take effect upon future events such as death, relocation, or remarriage. This creates a paradox: those who understand these products best often have the least need for them, while those for whom they

are most relevant typically have the greatest difficulty understanding them.

4. The most common equity release products

This chapter describes the principal forms of equity release products available in the Dutch market. For each variant, we outline how the product works, its advantages and disadvantages, and the consumer profile for which it is most suitable. Section 4.6 provides a comparative overview, using the standard interest-only mortgage as the baseline.

4.1. Roll-up mortgage (opeethypotheek)

A product in which interest is not paid periodically but instead rolled up into the outstanding balance. As a result, there are no monthly repayments.

This makes the product accessible to consumers with insufficient income. The downside is that borrowing capacity is limited: due to compound interest, the outstanding balance grows rapidly, meaning that for relatively younger borrowers or in higher interest rate environments, available headroom may be limited. Costs are typically higher than for a conventional mortgage and flexibility is limited. Drawing additional funds or porting the mortgage to a new property is generally not possible.

The key risk is longevity risk: the longer the borrower lives, the greater the accumulation of debt. Comprehensibility is critical: consumers and their families must clearly understand how the outstanding balance evolves over time.

- **Strengths:** no monthly repayments, accessible with limited income, provider bears longevity risk, borrower benefits from property value appreciation.
- **Weaknesses:** limited drawdown capacity, higher rates and costs, limited flexibility.
- **Risks:** pressure on the consumer's financial position at advanced age, longevity risk, reduced inheritance.
- **Target group:** retirees without sufficient income.

4.2. Participation products (partial sale / shared appreciation)

These enable homeowners to unlock housing equity without monthly repayments, as the provider shares in future property value appreciation. The consumer receives a lump sum or staged payments and has no interest or repayment obligations for as long as they remain in the property. Settlement occurs upon sale or death.

The concept is straightforward: the consumer sells a portion of the property at a discount, with no further obligations during occupancy, in exchange for the investor participating in the eventual sale proceeds. This simplicity makes the product attractive, including for consumers who may be deterred by traditional mortgage structures. As no compound interest accrues, the available drawdown may in some cases be higher than under a roll-up mortgage, while longevity risk is borne by the provider.

Most participation products follow a similar structure: the consumer sells a percentage of ownership, for example 10%, to an investor at a discount to current market value. The investor generates returns through two mechanisms: realising the initial discount upon exit and participating in property value appreciation over the life of the investment.

The actual cost cannot be determined upfront, as it directly reflects the investor's return. This can prove costly in two scenarios: in case of early termination (e.g. death or relocation), the implied annual cost may increase significantly; and in rising property markets, the investor captures a larger absolute share of value appreciation.

These products are also relatively complex: valuations are required at entry and exit, ownership is shared, and flexibility in case of relocation or renovation is limited. The primary risk lies in comprehensibility: as consumers age, it may become increasingly difficult to fully understand the implications. As with sale and leaseback structures, these products typically fall outside AFM supervision, as they do not involve credit provision.

- **Strengths:** no monthly repayments, no obligations during occupancy, potentially higher drawdown than a roll-up mortgage, provider bears longevity risk.
- **Weaknesses:** uncertain costs (dependent on investor returns), potentially expensive upon early termination and in rising property markets, complexity and limited flexibility, unclear maintenance responsibilities.
- **Risks:** difficult to understand, reduced inheritance for heirs, outside AFM supervision.
- **Target group:** retirees without sufficient income who are willing to share in future value appreciation.

4.3. Sale-and-leaseback

The consumer sells their property to an investor and leases it back, thereby unlocking a large portion of the housing equity without an income assessment. The right to remain in the property is retained, but ownership and future value appreciation are forfeited.

The key advantage is maximum liquidity: virtually all housing equity becomes immediately available. Maintenance is typically the responsibility of the new owner, and the tenant benefits from rental protection. The downside is that rent is generally significantly higher than mortgage payments, may increase over time, and the property is typically sold below market value.

The greatest risks relate to transparency and supervision. Sale and leaseback does not fall under AFM supervision but under the Authority for Consumers and Markets (ACM), meaning the duty of care and information requirements applicable to mortgage products do not apply. In practice, this variant is rarely seen in the Netherlands, partly due to buy-to-let regulations.

- **Strengths:** maximum liquidity, no income assessment, right of occupancy retained, maintenance borne by the landlord.
- **Weaknesses:** high and potentially increasing rent, sale below market value, loss of future value appreciation.

- **Risks:** no AFM supervision, property no longer forms part of the estate.
- **Target group:** retirees requiring immediate access to maximum liquidity.

4.4. Municipal equity release loan (SVn)

Offered by the Netherlands Housing Incentive Fund (Stimuleringsfonds Volkshuisvesting Nederland, SVn) through participating municipalities. The product takes the form of a second mortgage, supplementary to any existing first mortgage.

Assessment is not based on income but on available equity: the combined total of the existing mortgage and the equity release loan (including rolled-up interest up to the borrower's 98th birthday) may not exceed 80% of the property value. The interest rate (1.7% as of January 2026, fixed for 40 years) is capitalised annually, with repayment upon sale or death.

The primary advantage is accessibility: no income requirement, a low interest rate, and municipal oversight. The downside is that the loan is only available in participating municipalities and may only be used for municipality-approved purposes, such as home adaptations, energy efficiency improvements, or foundation repairs. The loan can only be applied for once, after which additional equity release products or mortgage increases are no longer possible. Consumers must therefore plan all desired improvements upfront.

- **Strengths:** no income assessment, low interest rate, no monthly repayments, long fixed-rate period, municipal oversight.
- **Weaknesses:** limited availability, restricted use of proceeds, one-time application, restricts future mortgage increases.
- **Risks:** availability and terms vary by municipality.
- **Target group:** seniors seeking to adapt or improve the sustainability of their home in a participating municipality.

4.5. Senior propositions and lifetime fixed-rate propositions

These are not formal equity release products, but rather standard mortgages adapted for consumers with state pension (AOW) or occupational pension income. Unlike the products described above, these mortgages are income-based and involve ongoing monthly payments.

Two variants can be distinguished within this category:

Classic senior proposition

Aimed at consumers from approximately age 57 who are approaching or have reached state pension age. Assessment is more flexible than for a standard mortgage: actual post-retirement payment obligations are taken into account, enabling households with lower pension income to qualify.

The mortgage is typically structured as an interest-only loan with a fixed-rate period of at least twenty years. A limitation is that, for many providers, the new mortgage payment may not exceed the existing mortgage payment, and eligible purposes are generally restricted to property purchase or improvement.

Lifetime fixed-rate propositions

A more recent development, specifically designed for consumers who have reached state pension age. The distinguishing feature is that the interest rate is fixed for life, eliminating refinancing risk and ensuring that monthly payments remain predictable.

Assessment is based on actual payment obligations, and eligible purposes are generally unrestricted.

At present, two providers offer this type of product: a.s.r. with the WelThuis Levensrente Hypotheek (up to approximately 50% LTV) and Vandaag Hypotheken with a variant up to 65% LTV, albeit at a significantly higher interest rate.

Growing relevance of senior and lifetime fixed-rate propositions

The relevance of this segment is increasing as banks restrict the interest-only component to 30% LTV. Non-bank lenders are not subject to the same portfolio constraints and can offer interest-only financing up to 50–65% LTV.

For retirees with sufficient pension income who wish to access more housing equity than banks currently allow, these products represent a logical and increasingly relevant alternative.

- **Distinction from equity release products:** ongoing monthly payments; no compound interest or value sharing.

- **Characteristics:** standard mortgages with adapted underwriting for AOW and pension income.
- **Strengths:** straightforward and transparent, relatively low payments due to interest-only structure, long fixed-rate periods (up to lifetime), ownership retained.
- **Weaknesses:** monthly payments remain, income required.
- **Target group:** retirees with stable income seeking to access housing equity.

4.6. Comparison of equity release solutions

The table below summarises the key differences based on the criteria most relevant to consumers. It is divided into two groups: products where interest is paid monthly and products where this is not the case. In practice, this distinction is often already a key determinant in assessing which solution is most suitable.

	Sufficient income / willing to pay interest		Limited income / no monthly payments		
	Interest-only mortgage	Lifetime fixed-rate	Roll-up mortgage	Participation (partial sale)	Sale & Leaseback
Total cost	● Low (interest)	● Low-mid (interest)	● High (compound)	● High (value share)	● High (rent)
Monthly payments	● Interest	● Interest	● None	● None	● Rent
Income required	● Yes	● Yes	● No	● No	● Yes
Max LTV	● Limited (±30% - 50%)	● Higher (±50% - 70%)	● Limited (age-based)	● Variable	● High
Ownership	● Yes	● Yes	● Yes	● Shared	● No (sale)
Costs known upfront	● Yes	● Yes (term-dependent)	● Not standard	● Partial	● Yes (fixed rent)
Residual debt	● No	● Not standard	● Non-recourse	● N/A (no debt)	● N/A (no debt)
AFM supervision	● Yes	● Yes	● Not standard	● No	● No
Best suited for	Seniors with sufficient income seeking low monthly payments	Seniors with (limited) income seeking certainty	Seniors without sufficient income seeking no monthly payments	Seniors without income, willing to share value appreciation	Seniors with high liquidity needs willing to give up ownership

● Favourable

● Consideration

● Disadvantage

* For bank lenders, a maximum LTV of 30% applies from May/June 2026 (Rabobank, ABN AMRO, ASN Bank). For non-bank lenders, this is typically still around 50%.

4.7. Which solution fits which situation?

The choice depends on two key factors: the level and stability of pension income, and the desired level of equity release.

- Sufficient income + limited drawdown (30–50% LTV):** A standard interest-only mortgage is generally the simplest option. Availability at bank lenders is declining (to

c.30% LTV), but non-bank lenders typically still offer this route up to 50% LTV.

- Sufficient income + any drawdown where predictability and certainty are key:** The lifetime fixed-rate proposition is the most suitable solution for a broad group of retirees. Assessment based on actual repayment capacity makes it accessible even at

lower pension income levels, while the lifetime fixed interest rate fully eliminates re-financing risk. This applies to both limited and larger drawdowns of up to c.65% LTV.

3. **Insufficient income + limited drawdown:** The roll-up mortgage or the SVn equity release loan (where available and for home improvements) is generally the most appropriate solution.
4. **Insufficient income + larger drawdown:** Participation products or sale-and-lease-back offer greater liquidity, but at higher and less predictable costs, and with the loss of all or part of property ownership.

5. Conclusion

Older Dutch homeowners collectively hold more than €450 billion in housing equity. The need to access this wealth is diverse, ranging from home improvements and energy efficiency investments to income supplementation and financial support for children.

There is no one-size-fits-all solution: each product involves a different balance between accessibility, cost, risk, and flexibility. Interest-only mortgages and lifetime fixed-rate propositions are best suited to households with stable pension income. The roll-up mortgage provides a solution without income requirements, but with limitations on drawdown capacity. Participation products are conceptually simple but entail uncertain costs. Sale-and-leaseback offers maximum liquidity but comes with significant drawbacks. The SVn equity release loan is attractive but constrained by restrictions on eligible use and availability.

Outlook

The Dutch equity release market is on the verge of structural growth: demographic ageing, rising housing equity, and increasing pension uncertainty are driving demand, while bank restrictions on interest-only lending are reducing the supply of the most accessible alternative.

Population ageing is leading to a growing number of households with substantial housing equity and a need for liquidity. At the same time, a “double squeeze” is emerging: the mandatory annuity repayment requirement introduced in 2013 is concentrating an increasing share of household wealth in owner-occupied housing, while banks, under pressure from the ECB and DNB, are tightening access to the most common route for unlocking this equity.

The new pension system further increases uncertainty around retirement income levels. While pension funds maintain buffers, income may fluctuate more over time. Although the government acknowledges the housing mobility challenges faced by older homeowners in the coalition agreement, concrete policy measures have yet to be implemented.

In the development of new products, the position of the consumer requires particular attention. Too often, the focus is on making products attractive to investors, while the interests of a vulnerable target group are insufficiently safeguarded. Clear communication, transparent product design, and independent advice are essential.

For institutional investors, this market offers clear potential, provided products strike a fair balance between return and consumer interests. Lifetime fixed-rate propositions form the most natural bridge between standard mortgages and equity release products: simple, transparent, and with predictable payments. For institutional investors seeking to contribute to a well-functioning equity release market, this type of product, where consumer interests and investor returns are aligned, represents the most compelling opportunity.

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Rogier van der Hijden
Managing Director

E: vanderhijden@dmfco.nl



Christiaan van der Ziel
Business Development

E: vanderziel@dmfco.nl



www.dmfco.nl

www.munthypotheke.nl

Bezuidenhoutseweg 16B
2594 AV Den Haag